

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 INRE-00 SSO-00  
AGRE-00 CIAE-00 COME-00 INR-10 LAB-04 NSAE-00  
SP-02 STR-07 TRSE-00 FRB-03 OMB-01 /061 W  
-----106188 031812Z /43

O 031849Z MAR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC IMMEDIATE 6762  
CINCPAC HONOLULU HI IMMEDIATE  
AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L GENEVA 03397

USEEC  
CINCPAC PASS MINISTER MICHAEL SMITH AND TEXTILE DEL  
PASS STR ELECTRONICALLY FOR MIKE SMITH

E.O. 11652: GDS  
TAGS: ETRD, GATT  
SUBJECT: EC COMMISSION CONCERN ON TEXTILES

REF: BRUSSELS 0420

1. U.S. TSB REP WHO HAS BEEN IN CLOSE AND CONTINUING  
CONTACT WITH ALL GENEVA REPS HAVING INTEREST IN TSB  
AND TEXTILE AFFAIRS, INCLUDING ALL LDCS, HAS NO EVI-  
DENCE OR EVEN SUSPICION THAT LDCS ARE TRYING OR HAVE  
ANY INTENT OF TRYING TO EXPAND THE AUTHORITY OF THE TSB.  
CERTAINLY, THE LDCS HAVE MADE NO REPEAT NO ATTEMPT TO  
"ENLIST THE ALLEGIANCE" OF U.S. THROUGH U.S. TSB REP  
WHO IS USUALLY FIRST POINT OF CONTACT IN ANY LDC  
"ENLISTMENT" EFFORT. FURTHER, U.S. REP IS OF OPINION  
THAT IT IS WIDELY UNDERSTOOD IN GENEVA TEXTILE CIRCLES  
THAT THERE IS NO POSSIBILITY THAT THE TSB EITHER WOULD  
OR COULD REACH A DECISION AS TO WHAT CONSTITUTES "A  
REASONABLE DEPARTURE." MOREOVER, THERE IS A GENERAL  
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RECOGNITION HERE THAT ANY TSB EFFORT IN THAT DIRECTION  
COULD HAVE FATAL CONSEQUENCES FOR THE ARRANGEMENT ITSELF.

2. DAVIGNON'S INFORMATION RE "CURRENT U.S. PROPOSAL"  
INDICATES THAT HE HAS BEEN VERY POORLY BRIEFED BY KLARIC.  
PRIOR LAST TSB SESSION U.S. REP LEARNED THAT LDCS WOULD  
PRESENT PROPOSAL FOR REVISION TSB'S DISPUTE SETTLEMENT

PROCEDURES WHICH, IN EFFECT, WOULD INVOLVE ADDITION OF ONE TSB MEMBER TO BODY IN CASES WHERE ONE PARTY TO DISPUTE WAS NOT REPRESENTED ON TSB. KNOWING FULL WELL THAT EC REP WOULD OBJECT, U.S. REP MADE COUNTERPROPOSAL THAT, AFTER PHASE WHERE DELEGATIONS FROM CAPITALS MADE PRESENTATIONS AND WERE QUESTIONED BY BODY (INCLUDING MEMBER REPRESENTING ONE PARTY), THE MEMBER REPRESENTING A PARTY TO THE DISPUTE COULD REMAIN SILENT IN THE DISCUSSION OF THE FINDINGS AND FORMULATION OF RECOMMENDATIONS, IT BEING UNDERSTOOD, OF COURSE, THAT THE REPS OF THE OTHER PARTY TO THE DISPUTE WOULD BE ABSENT DURING THIS PHASE AND THEREFORE NOT REPRESENTED AT ALL.

3. EC REP THEN PROPOSED THAT, IN DISCUSSION AND RECOMMENDATION PHASE, MEMBER REPRESENTING PARTY TO DISPUTE WOULD REMAIN THROUGHOUT AND THE OTHER PARTY COULD DESIGNATE A "SPEAKING OBSERVER" WHOSE PRESENCE WOULD BE PERMITTED PROVIDED A REGULAR MEMBER (EXPORTING COUNTRY REP) STEPPED DOWN THUS, AS KLARIC ARGUED, PRESERVING THE FOUR-TO-FOUR "BALANCE."

4. U.S. REP'S PROPOSAL WAS ADVANCED PRIMARILY TO AVOID WHAT WAS SURE TO BE AN EC-LDC CONFRONTATION ON THE PROCEDURAL ISSUE WHICH WOULD THEN HAVE TO BE BROUGHT BEFORE THE TC THEREBY OPENING A DISCUSSION THE DIRECTION AND OUTCOME OF WHICH NONE OF US COULD CONTROL. WHEN IT  
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WAS CLEAR THAT NO CONSENSUS WAS POSSIBLE ON THIS ISSUE, U.S. REP WITHDREW HIS PROPOSAL AND SUGGESTED FURTHER REFLECTION AND CONSIDERATION AT NEXT TSB WHICH WAS IN SESSION TODAY.

5. OUR TACTIC APPEARS BE PRODUCING THE DESIRED RESULT IN THAT A FOURTH FORMULATION HAS BEEN CALMLY DISCUSSED ALL DAY TODAY AND CONSENSUS POSSIBLY COULD HAVE BEEN REACHED EXCEPT FOR NORDIC (LAME DUCK) NEED TO CONSULT OTHER NORDICS AND KLARIC'S NEED (HE TOLD U.S. REP AFTER MEETING) TO CONVINCE MEMBER STATES. U.S. REP IS CONFIDENT THAT, IN THE NEXT WEEK, AN INFORMAL CONSENSUS IS POSSIBLE AND THE MATTER WILL NOT BE BROUGHT BEFORE THE TC AT THE APRIL 3 MEETING.

6. RE PARA 3 REFTTEL, SOMEONE SHOULD INFORM DAVIGNON THAT THE TSB DOES NOT VOTE; ALL DECISIONS ARE AND EVER HAVE BEEN BY CONSENSUS.

7. EC HAS BEEN REPEATEDLY WARNED BY VIRTUALLY ALL MFA PARTICIPANTS THAT ADDING MEMBERS TO TSB REQUIRES AMENDMENT OF MFA BY TC AND THAT OPENING MFA TO ANY AMENDMENT

IS CERTAIN TO OPEN PANDORA'S BOX. WHY DAVIGNON IS  
PERSISTING IN THIS PITCH AT THIS POINT IN TIME IS BEYOND  
UNDRSTANDING.

8. AS MANY TSB MEMBERS HAVE OBSERVED, THE EC IS ITS  
OWN WORST ENEMY ON THE TSB; AND, ONE MIGHT ADD, ESPECIALLY  
IN THEIR PRESENT PARANOID PHASE. SORENSDN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXTILES, LESS DEVELOPED COUNTRIES, AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**TAGS:** ETRD, GATT  
**To:** STATE CINCPAC  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
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